



Thomas G. Robinson  
General Counsel

December 12, 2003

Mary L. Cottrell, Secretary  
Department of Telecommunications &  
Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

**Re: Docket D.T.E. 03-123, Standard Offer and Now Is the Time to Choose Program**

Dear Secretary Cottrell:

On October 30, 2003, Massachusetts Electric Company and Nantucket Electric Company (together "Mass. Electric") filed with the Department a request to maintain its currently approved Standard Offer Service Fuel Adjustment ("SOSFA") of \$0.01424 per kilowatt-hour in effect for the period January 1, 2004 through the remainder of the period of Standard Offer Service (February 2005), and to approve the *Now Is the Time to Choose* Program, which was designed to provide Standard Offer Service customers with information about other offers that might be available in the market. On November 25, 2003, the Department issued a notice on our filing, requesting comments by December 15, 2003 on both the rate proposal and the *Now Is the Time to Choose* program.

As we set forth in our filing, a wholesale supplier of Standard Offer Service had expressed concern about the implementation of the *Now Is the Time to Choose* program. Accordingly, Mass. Electric also requested a finding by the Department that the *Now Is the Time to Choose* program is consistent with Mass. Electric's restructuring settlement and the basis for the Department's approval of the wholesale Standard Offer Service agreements at the time of the settlement. Since the filing was made, we have undertaken discussions with our Standard Offer Service wholesale suppliers to address their concerns. Based on these discussions, we believe that we may be able to resolve the issues associated with the *Now Is the Time to Choose* program through a settlement. To provide an opportunity to achieve this resolution, we request the Department to defer for thirty days, or until January 14, 2004, the comment date on the *Now Is the Time to Choose* elements of our October 30 filing. On or before January 14, 2004, Mass. Electric will report to the Department on the outcome of our discussions with the wholesale Standard Offer Service suppliers.

This request for extension does not apply to our request to continue the SOSFA of \$0.01424 per kilowatt-hour for the period January 1, 2004 through the remainder of the Standard Offer Service period. Since our October 30 filing, we have continued to monitor the rate for Standard Offer Service for January 1, 2004 if that rate were

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established using the method that Mass. Electric has applied in the past. As shown on the attachment to this letter, this method would produce a retail price for Standard Offer Service equal to \$0.06802 per kilowatt-hour. This price represents the sum of the base charge for Standard Offer Service of \$0.051, a SOSFA of \$0.01223 (calculated using the 2004 fuel trigger), and a Standard Offer Adjustment Factor of \$0.00479, designed to recover Mass. Electric's under-collection as of September 2003.

As the information on the attachment demonstrates, Mass. Electric's proposal on October 30<sup>th</sup> to lock in the SOSFA at its current level will both mitigate prices to Standard Offer Service customers and provide a known target for retail competitive suppliers. Accordingly, we ask the Department to move forward with the December 15<sup>th</sup> date to receive comments on Mass. Electric's proposal to continue the SOSFA factor of \$0.01424 per kilowatt-hour through the end of the Standard Offer Service period. As explained in our year end reconciliation filing in Docket D.T.E. 03-126, Mass. Electric has not proposed a new Standard Offer Adjustment Factor assuming our request to continue the SOSFA is approved by the Department. To provide adequate information in the event that the Department decides to follow the established practice for setting the SOSFA and Standard Offer Adjustment Factor, Mass. Electric will file supplemental testimony and exhibits supporting the attached schedule in its year-end reconciliation filing. In that way, the Department will have adequate information available to evaluate the alternative approaches.

Thank you for your attention to this request.

Very truly yours,

Thomas G. Robinson

c. Service list

Massachusetts Electric Company  
Nantucket Electric Company  
Summary of Comparable SOSFA Values  
For January 1, 2004

	October 30, 2003 SOSFA Proposal	Standard DTE SOSFA and SOAF Calculation
Base Standard Offer Charge	5.100	5.100
SOFSA Value	1.424	1.223
Standard Offer Adjustment Factor	0.000	0.479
Total Standard Offer Rate	6.524	6.802
September 2003 Standard Offer Deferral	(\$57,189,307)	(\$57,189,307)
Deferral Estimates:		
December 2003	(\$66,934,773)	(\$66,140,375)
March 2004	(\$62,148,164)	(\$53,438,488)
June 2004	(\$42,021,859)	(\$25,360,404)
September 2004	(\$19,563,577)	\$5,880,561
December 2004	\$13,376,858	\$47,620,761

SOSFA calculation under DTE practice reflect fuel oil and natural gas prices as reported in the Wall Street Journal on November 21, 25, and 26, 2003.

Deferral estimates are based on futures prices of fuel oil and natural gas as reported in the Wall Street Journal and run through the fuel index calculation to arrive at estimated fuel index payments. These estimates of fuel index payments are applied to the estimate of standard offer service load compared to the revenue that is estimated to be generated for the same estimate of standard offer service load applied to the SOSFA and SOAF rates above.